



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2025 Biennium

**Bill information:**

HB0894 - Generally revise alcohol laws (Buttrey, Edward )

**Status:** As Amended in House Committee

- Significant Local Gov Impact     
 Needs to be included in HB 2     
 Technical Concerns  
 Included in the Executive Budget     
 Significant Long-Term Impacts     
 Dedicated Revenue Form Attached

### FISCAL SUMMARY

	<u>FY 2024</u> <u>Difference</u>	<u>FY 2025</u> <u>Difference</u>	<u>FY 2026</u> <u>Difference</u>	<u>FY 2027</u> <u>Difference</u>
<b>Expenditures:</b>				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$0	\$0	\$0	\$0
<b>Revenue:</b>				
General Fund	\$1,201,000	\$0	\$0	\$0
State Special Revenue	\$0	\$0	\$0	\$0
<b>Net Impact-General Fund Balance:</b>	<u>\$1,201,000</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

**Description of fiscal impact:** HB 894 revises several sections to alcoholic beverage laws regarding: the number and location of agency liquor stores allowed, locations where all-beverage licensees or resort all-beverage licensees may sell alcohol, licensed retailers' premises and storage areas, licenses for veteran or fraternal organizations, exceptions to having liquor in kitchens of licensed premises, appraisal values of resort areas, lapse of resort area designations, fees for additional resort all-beverage licenses, and compensation for concessionaires of licensees. One-time fees from one resort area obtaining three new resort all-beverages licenses would increase general fund revenue by \$1.2 million.

### FISCAL ANALYSIS

**Assumptions:**

1. HB 894 clarifies that the 35-mile distance requirement for the location of new agency liquor stores is not applicable when a community has met the population requirements in 16-2-109 (1), MCA.
2. The bill allows all-beverage licensees and resort all-beverage licensees to sell alcoholic beverages from the primary indoor lodging quarters of a hotel or other short-term lodging facility; from an additional permanent structure if the premises has a swimming pool area that is separate from the main licensed premises; and from

## Fiscal Note Request – As Amended

up to two additional permanent structures if the premises includes a ski hill. The bill as amended allows licensees with a premises including a golf course to serve alcohol at a clubhouse or primary recreational quarters of the golf course that is separate from the main licensed premise and in the outdoor area within the boundaries of the golf course.

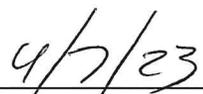
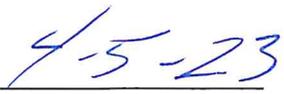
3. The bill as amended requires the buildings or structures outlined in assumption #2 to meet suitability requirements and requires the licensee to pay an application fee of \$100 for each area allowed in assumption #2.
4. The Department of Revenue estimates that no more than 10 of these applications will be received. The application fees from these will increase general fund revenue by \$1,000 in FY 2024.
5. The bill allows these licensees to lease the kitchen or another specified area to a food service business to operate with the premises without a concession agreement if the other business does not take orders for, serve, or deliver alcohol. The bill as amended clarifies that the food service business must have a separate point of sale system from the licensee.
6. The bill allows on-premises consumption beer and wine licensees located on a resort to store alcoholic beverages in alternate alcoholic beverage storage facilities within the boundaries of the resort area.
7. The bill allows for up to three alternate alcoholic beverage storage facilities to be located in a resort area.
8. The bill removes the requirement that local officials inspect premises alterations if the alteration did not require a building permit.
9. The bill allows on-premises retailers to have one noncontiguous storage area so long as it is located within 10 miles of the premises.
10. The bill allows retailers to store kegs and run beer lines in other areas of the building that may not be part of the licensed premises if adequate controls are in place to prevent public access.
11. The bill as amended clarifies that alcohol stored at an offsite storage area may only be transported by the licensee or the licensee's employees who are 21 years of age or older.
12. The bill requires a veteran or fraternal organization to operate a business for five continuous years prior to being able to apply for an on-premises consumption beer license. This does not apply to fraternal or veteran organizations that had a license in the past 10 years.
13. The bill allows on-premises consumption beer licensees and restaurant beer and wine licensees to have liquor on their premises for the sole purpose of food preparation.
14. The bill allows the property valuation of a resort area to be determined by an independent appraiser or the Department of Revenue's property tax appraisal process.
15. The bill requires a resort area designation to lapse if no resort retail all-beverage licenses are issued within five years of the approval of the resort area designation.
16. The bill as amended allows a resort area located within the boundaries of an incorporated city's quota to have three additional resort retail all-beverage licenses for a one-time fee of \$400,000 per license regardless of the number of accommodation units on site.
17. The Department of Revenue estimates that one resort area would apply for all three licenses offered to them under this bill.
18. The fees for these additional licenses would increase liquor profits transferred to the general fund by \$1.2 million in FY 2024.
19. The bill allows certain resort retail all-beverage licenses to be applied for without a premises as long as the premises is approved by January 1, 2029.
20. The bill prohibits the Department of Revenue from considering aggravating circumstance when violations of the alcoholic beverage code occur unless the licensee has three or more violations in the past three years from separate occurrences.
21. The bill allows the compensation between a licensee and concessionaire to be based on a percentage of gross alcoholic beverage revenue less cost of goods.
22. This bill is effective on passage and approval.
23. This bill would not create any additional costs to the Department of Revenue.

**Fiscal Note Request – As Amended**

	<u>FY 2024 Difference</u>	<u>FY 2025 Difference</u>	<u>FY 2026 Difference</u>	<u>FY 2027 Difference</u>
<b><u>Fiscal Impact:</u></b>				
<b><u>Expenditures:</u></b>				
TOTAL Expenditures	\$0	\$0	\$0	\$0
<b><u>Funding of Expenditures:</u></b>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$0	\$0	\$0	\$0
TOTAL Funding of Exp.	\$0	\$0	\$0	\$0
<b><u>Revenues:</u></b>				
General Fund (01)	\$1,201,000	\$0	\$0	\$0
State Special Revenue (02)	\$0	\$0	\$0	\$0
TOTAL Revenues	\$1,201,000	\$0	\$0	\$0
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u></b>				
General Fund (01)	\$1,201,000	\$0	\$0	\$0
State Special Revenue (02)	\$0	\$0	\$0	\$0

**Technical Notes:**

- Aggravating circumstances can still be considered but only if the licensee receives three or more violations in three years during different occasions. Because aggravating circumstances can still be considered in those instances, the examples of aggravating circumstances should be maintained and not removed from the statute.

			
<i>Sponsor's Initials</i>	<i>Date</i>	<i>Budget Director's Initials</i>	<i>Date</i>